



OLR RESEARCH REPORT

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CONDOMINIUM BUDGET APPROVAL – LEGISLATIVE HISTORY

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You asked for the legislative history of the Common Interest Ownership Act (CIOA) provision on approval of annual budgets for condominiums and other common interest communities.

SUMMARY

Under the Common Interest Ownership Act (CIOA), annual budgets are approved unless a majority of unit owners votes to reject them (this means a majority of all unit owners, not just a majority of those participating in the vote). The association's declaration can require a larger number of unit owners to reject a budget (CGS § 47-261e(a)).

The substance of this provision has been in Connecticut law since 1983, when the legislature first adopted CIOA through PA 83-474 (which took effect in 1984). There have been changes to the budget approval process since then (PA 07-243 and PA 09-225), but no changes to the requirement for a majority vote of all unit owners to reject a budget. The provision on budget approval was moved to a new statutory section and reworded in PA 09-225.

During the 2012 legislative session, the General Assembly passed a bill that would have changed the budget approval process for certain large common interest communities (it appears that the budget approval provisions in the bill as passed would have applied to only one common

interest community in the state). The governor vetoed the act (PA 12-180). The public act summary is available [here](#). The governor's veto message is available [here](#).

PA 83-474

PA 83-474 provided in relevant part that “unless at [the meeting to consider the proposed budget] a majority of all unit owners or any larger vote specified in the declaration reject the budget, the budget is ratified, whether or not a quorum is present.” There was no discussion of this provision in the debate concerning the bill in the House or Senate, or during the Judiciary Committee hearing.

The 1983 act was largely based on the Uniform Common Interest Ownership Act, which was drafted by the National Conference of Commissioners on Uniform State Laws (NCCUSL). The comment to the equivalent section of the Uniform CIOA does not specifically address the majority vote requirement. Rather, it notes that:

The provisions of [the subsection] permit the unit owners to disapprove any proposed budget, but a rejection of the budget does not result in cessation of assessments until a budget is approved. Rather, assessments continue on the basis of the last approved budget until the new budget is approved.

PA 09-225

In 2009, PA 09-225 made a number of substantive and technical changes to CIOA, based in part on revisions to the Uniform CIOA in 2008. These changes included moving the provision on budget approval from CGS § 47-245(c) to a newly created section, CGS § 47-261e. PA 09-225 also changed the wording of the provision on budget approval, but did not change the requirement that a budget is approved absent a majority vote to reject it. Following the passage of PA 09-225, the budget approval requirement now reads as follows:

If, at [the meeting to consider the proposed budget] or in the vote by ballot, a majority of all unit owners or any larger number specified in the declaration votes to reject the budget, the budget shall be rejected. If, at that meeting or in the vote by ballot, a majority of all unit owners or any larger number specified in the declaration does not vote to reject the budget, the budget shall be approved (CGS § [47-261e\(a\)](#)).

As under prior law, (1) the absence of a quorum does not affect the budget's rejection or approval and (2) if a proposed budget is rejected, the last approved budget continues until unit owners approve a new budget.

While PA 09-225 did not change the requirement for budget approval absent a majority vote to reject it, the act did make other substantive changes affecting the budget approval process. For example, it (1) provided that the board's required summary of the proposed budget must include any reserves and a statement of the basis on how they are calculated and funded and (2) changed the required time frames for the board to hold a unit owners' vote on the budget. These provisions were not discussed in any detail in the House or Senate debate or Judiciary Committee hearing.

NCCUSL's comments to the 2008 Uniform Act do not include any new discussion on the provision concerning budget disapproval by majority vote. (The comments discuss other budgetary matters in greater detail, such as whether state law should mandate a reserve fund.)

JO:ro